

## **VERMONT STATE TEACHERS' RETIREMENT SYSTEM**

Meeting of the Board of Trustees

**May 7, 2013**

### **Members present:**

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2015

LINDA DELIDUKA, VRTA Alternate representative, term expiring July 1, 2016

JUSTIN NORRIS, Active Member Alternate Representative, term expiring July 1, 2013

THOMAS CANDON, representing Commissioner of Department of Financial Regulations

VAUGHN ALTEMUS, representing Secretary of Department of Education

ELIZABETH PEARCE, VT State Treasurer

### **Members absent:**

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2016

THOMAS MCCONNELL, Active Member Representative, term expiring July 1, 2013

### **Also attending:**

Stephen Wisloski, Deputy VT State Treasurer

Matthew Considine, Director of Investments

Katie Green, Investments Manager

Karl Kroner and Rose Avenia, Great West Retirement Services

Laurie Lanphear, Director of Retirement Operations

Kathie Kretzer, Retirement Specialist & Executive Secretary to the Board

Monica Chiren, Assistant to Kathie Kretzer

The Chairperson, Jon Harris, called the Tuesday, May 7, 2013, meeting to order at 9:04 a.m., which was held in the Governor's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

### **ITEM 1:      **Approve the Minutes of:****

- **March 14, 2013 – regular meeting**

**On motion by Ms. Deliduka, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of March 14, 2013, a regular meeting, as submitted.**

### **ITEM 2:      **403(b) quarterly update by Great West Retirement Services****

Mr. Kroner introduced Ms. Avenia to the Board members. Mr. Kroner appeared before the Board and provided the Quarterly Report for March 31, 2013 for the 403(b) Investment Program. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was a 12.9% increase in the plan assets from January 1, 2013 to March 31, 2013.

Mr. Kroner indicated there are 1,854 participants in the plan. Ms. Avenia advised the Board members of the roll-ins that she completed in this quarter. Mr. Kroner reviewed with the

Board members the breakdown of assets. Mr. Kroner reviewed the diversification of the plan participants. Mr. Kroner responded to the questions posed by the Board members.

Mr. Kroner reviewed with the Board members the number of group meetings and individual meetings and the addition of Addison Northeast. Mr. Kroner indicated he would take a consensus of the school districts that do participate to see how many active teachers are participating in the plan.

Mr. Kroner briefly reviewed the fund performance. Ms. Pearce requested that more performance dates be provided for the fixed fund and indicated she would like to see its performance relative to its peers.

**ITEM 3: SDIA quarterly update**

Mr. Kroner appeared before the Board and provided the Quarterly Report for March 31, 2013 for the SDIA Plan. Mr. Kroner answered the questions posed by the Board members concerning beneficiaries and the required minimum distributions. Mr. Kroner reviewed with the Board members the Key Talk and Internet statistics. Mr. Kroner reviewed with the Board members the rate of return for the SDIA account.

Mr. Kroner provided the Board members a quick update on the website redesign and indicated there would be a new tool added this summer to allow members to see what their projected monthly retirement income would be.

(Ms. Green, Mr. Considine, Mr. Kroner and Ms. Avenia left the meeting at this time.)

**ITEM 4: Discuss/act on Disability Retirement recommendation for:**

- **Sandra J. Wright**                      **New**

**On motion by Mr. Candon, seconded by Ms. Deliduka, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Sandra J. Wright, with no review.**

**ITEM 5: Review Disability Retirement Process**

Ms. Lanphear indicated to the Board members this would be the first of several discussions concerning the disability retirement process. Ms. Lanphear reviewed with the Board members the process a member follows in order to obtain a disability retirement. Ms. Lanphear indicated the VSTRS Board cannot deny the recommendation by the Medical Review Board, but can only request additional information. Ms. Lanphear discussed with the Board members the use of sick leave, the one-year review and income verification. The Board requested that different options be provided to the Board members for review concerning the one-year reviews and income verifications, including how other states handle these situations and companies that provide these services. Ms. Lanphear indicated she will also discuss this with the Attorney General's Office. Ms. Lanphear indicated if changes are

made to the disability retirement process that the language of the statute might need to be changed.

(A recess was taken from 10:37 a.m. to 10:55 a.m.)

**ITEM 6:      Review Administrator Contracts**

Ms. Lanphear and Ms. Kretzer reviewed with the Board members the packet of information that was provided. The questions posed by the Board members were responded to by Ms. Lanphear and Ms. Kretzer. The Board provided their suggestions for the draft cover letter and *Affidavit of Salaries* provided by Ms. Lanphear. The Board further discussed this issue.

(Mr. Altemus entered the meeting during this agenda item.)

**ITEM 7:      Update on 2013 active member representative and active member alternate representative elections**

The Board was informed Mr. Norris was the only person that was nominated for the active member representative position and that an election would need to be held for the active member alternate representative position.

**On motion by Ms. Pearce, seconded by Mr. Altemus, the Board voted unanimously to accept the single nomination for the active member representative position and appoint Justin Norris as the active member representative trustee effective July 1, 2013 and to direct staff to begin the election nomination process for the active member alternative representative position with an effective date of July 1, 2013.**

The Board discussed the process for elections.

(Ms. Chiren left the room at this time to obtain the rules and procedures for elections for the Board.)

**ITEM 8:      Legislative update**

(Ms. Chiren returned during this agenda item.)

Ms. Pearce provided the Board members a rundown of items in this legislative session. There was a discussion concerning the amortization schedule. There was a discussion concerning GASB 68. Ms. Pearce advised the Board members of the miscellaneous bill and also the contribution rates for the VMERS system and the one-time transfer option for VMERS DC members to go into the DB plan.

**ITEM 9:      Discuss upcoming RFP's for:**

- **Dental Program for Retirees**
- **Actuarial Services Contract**

Mr. Wisloski discussed with the Board the actuarial services contract that was coming up for an RFP this year.

**On motion by Mr. Altemus, seconded by Ms. Deliduka, the Board voted unanimously to enter Executive Session at 12:11 p.m. pursuant to Title 1, § 313 for the purpose of discussing contract issues.**

(The Board exited Executive Session at 12:17 p.m.)

**On motion by Mr. Altemus, seconded by Ms. Deliduka, the Board voted unanimously to extend the contract for Buck Consultants to November 30, 2013.**

It was indicated Mr. Mackey might be interested in serving on the RFP committee concerning the actuarial services.

Mr. Wisloski indicated at the next in-house meeting they would have a discussion concerning the 403(b) administrator contract. Ms. Lanphear discussed the dental program for retirees RFP with the Board members. Ms. Pearce indicated the State system eliminated language in Statute surrounding the one-time enrollment opportunity for the dental program.

(A luncheon recess was taken from 12:25 p.m. to 12:35 p.m.)

(Mr. Wisloski was not present for the afternoon session.)

**ITEM 10: Update on 2013 active member representative and active member alternate representative elections – Continued**

The Board reviewed the rules and procedures for elections. It was decided the mailing would be sent out for an active member alternate representative.

**ITEM 11: Any other business to come before the Board**

There was a discussion concerning the VSTRS representation on the VPIC committee. The Board discussed Mr. McConnell leaving the VSTRS Board.

The Board discussed whether the 403(b) review should be semi-annually rather than quarterly. It was decided this would be discussed at the next in-house meeting.

**ITEM 12: Adjournment**

**On motion by Mr. Candon, seconded by Mr. Altemus, the Board unanimously voted to adjourn at 12:52 p.m.**

**Next Meeting Date:**

The next scheduled VSTRS meeting is a conference call on Thursday, June 13, 2013 at 3:30 p.m.

Respectfully submitted,

Kathie Kretzer  
Executive Secretary to the Board